

Exhibit No.:
Issues: Availability for Resale
Local Plus Ordering for IXC's
Aggregation
Termination of Resold Local Plus®

Witness: Solt
Sponsoring Party: Mo. PSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: TO-2000-667

MISSOURI PUBLIC SERVICE COMMISSION
UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

THOMAS A. SOLT

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Missouri Public
Service Commission

CASE NO. TO-2000-667

Jefferson City, Missouri
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TABLE OF CONTENTS

1		
2		
3		
4		
5		
6		
7	AVAILABILITY FOR RESALE.....	3
8	LOCAL PLUS® ORDERING FOR IXC.....	7
9	AGGREGATION.....	9
10	TERMINATION OF RESOLD LOCAL PLUS®.....	9
11	SUMMARY.....	10
12		

Rebuttal Testimony of
Thomas A. Solt

1 A. I have assisted, under the direction of the Managers of Accounting, Energy,
2 Natural Gas and Telecommunications Departments, with audits and examinations of books and
3 records of utility companies operating within the state of Missouri under the jurisdiction of the
4 Commission. I have also been responsible for the tracking and analysis of issues pertinent to the
5 ratepayers of Missouri before the Federal Communications Commission and the Federal Energy
6 Regulatory Commission.

7 Q. Have you previously filed testimony before the Commission?

8 A. Yes, I have. The cases in which I previously have filed testimony are included as
9 Schedule 1 of my Direct Testimony.

10 Q. Have you reviewed the testimony submitted by Southwestern Bell Telephone
11 Company (SWBT or Company) witness, Mr. Thomas F. Hughes?

12 A. Yes, I have reviewed the Direct Testimony submitted by the SWBT witness, Mr.
13 Hughes.

14 Q. What is the purpose of your Rebuttal Testimony?

15 A. The purpose of my Rebuttal Testimony in this case is to address four issues. The
16 first is to address the question of whether SWBT has made its Local Plus® service available for
17 resale as ordered by this Commission in conjunction with Case No. TT-98-351. The second is to
18 address the ordering process of Local Plus® service by interexchange carriers (IXCs). The third is
19 to rebut a statement that Missouri Independent Telephone Company Group's (MITCG's) witness
20 David Jones makes on page 4 of his Direct Testimony regarding aggregation of Local Plus®.
21 Finally, the fourth purpose of my Rebuttal Testimony is to support MITCG's Mr. Jones' Direct
22 Testimony on page 12 stating that SWBT should be responsible for paying terminating access for
23 a reseller's Local Plus® calls. Additionally, an explanation is necessary regarding the references to

the Telecommunications Department Staff (Staff) Data Requests (DRs) in this case. Staff's DR No. 2601 in the instant case asked the following:

In conjunction with Case No. TT-2000-258, the Staff of the Missouri Public Service Commission issued 29 Staff Data Requests (DRs) which were answered by Southwestern Bell Telephone Company (SWBT). Please, for the record in the instant case, state whether SWBT's Answers remain the same for each of those DRs. For each DR for which SWBT's answer has changed from the answer provided in Case No. TT-2000-258, please provide SWBT's current or updated response.

SWBT provided the following response:

Southwestern Bell Telephone Company considers the revised information to be highly confidential and as such requests that the information be handled in accordance with the protective order in this case.

In conjunction with the 29 Data Requests issued by the Mo PSC Staff in Case No. TT-2000-258, the answers to all of the data requests remain the same, except for 2602, 2619, and 2620 in Staff's First Set of DRs. Revised answers are attached hereto.

Staff submitted two additional DRs in the instant case. Therefore, all references to any of the three Staff DRs submitted in this case will use the term "instant case," whereas all references to Staff DRs from Case No. TT-2000-258 will not use this term.

AVAILABILITY FOR RESALE

Q. Is SWBT required to make Local Plus® available for resale?

A. Yes, it is. The Commission stated in its **Findings of Fact** that:

Since Local Plus has characteristics of both local and toll, i.e. is a hybrid, it is appropriate to use terminating access as a method of intercompany compensation. However, imputation of access charges would not be necessary if this type of service is available for resale at a wholesale discount to CLECs and IXC's. In order to enable customers to obtain this type of service by using the same dialing pattern, the dialing pattern functionality should be made available for purchase to IXC's and CLECs on both a resale and an unbundled network element basis. . . . (Report and Order, Case No. TT-98-351, pp. 39-40).

Q. Are companies currently reselling Local Plus® service?

1 A. Yes, but as stated by Mr. Hughes on page 3 of his Direct Testimony, only reseller
2 competitive local exchange carriers (CLECs) are currently reselling Local Plus®.

3 Q. Does SWBT make its Local Plus® service available to all CLECs?

4 A. Perhaps not. As stated in its response to the Staff DR No. 2618, "... Local Plus
5 is not available for resale through SWBT for those users receiving local service from a facilities
6 based CLEC. Because the service is provisioned in the local switch, SWBT does not provide
7 Local Plus or permit others to resell the service when SWBT does not provide the local
8 switching."

9 Q. Is Local Plus® on the Federal Communications Commission's (FCC's) list of
10 Unbundled Network Elements (UNEs) set forth in the Order in CC Docket No. 96-98,
11 Implementation of the Local Competition Provisions of the Telecommunications Act of 1996?

12 A. In its Third Report and Order and Fourth Further Notice of Proposed Rulemaking,
13 the FCC stated that circuit switching is one of the network elements that must be unbundled. It
14 further stated that "[t]he definition of the local switching element encompasses all of the features,
15 functionalities, and capabilities of the switch" (p. 12).

16 Q. Does SWBT make its Local Plus® service available on an unbundled network
17 element (UNE) basis?

18 A. SWBT's position remains unclear on this issue. The Company stated, in response
19 to Staff DR No. 2604, that "Local Plus is a service of SWBT and is available for resale by all
20 CLECs reselling SWBT's local service . . . Local Plus is not an unbundled network element
21 (UNE) and **is not available on a UNE basis.** . . ." [emphasis added]. The Company further
22 states that it is "willing to negotiate an interconnection agreement which would permit a facility
23 based CLEC to offer a service with similar dialing pattern functionality on a UNE basis when the

1 CLEC buys a switch port from SWBT, . . . and the CLEC pays SWBT an appropriate price for
2 that work."

3 Mr. Hughes states on pages 4 and 5 of his Direct Testimony that Local Plus® can be
4 purchased by facilities-based CLECs that use SWBT switches (purchased as a UNE), but then
5 goes on to describe the available service as "similar" to Local Plus®--not Local Plus®.

6 Q. Given those facts, do you believe SWBT is making its Local Plus® service
7 available as ordered by the Commission in Case No. TT-98-351?

8 A. It is not clear what SWBT is doing. It appears clear to me that the quotation from
9 the Commission's Order in Case No. TT-98-351 states an intent for SWBT to make its Local
10 Plus® service available to CLECs and IXC's on both a resale and a UNE basis to avoid having to
11 impute access charges. The Company states in its responses to Staff DRs that it is not making
12 Local Plus® service available on a UNE basis, and that it does not provide "or permit others to
13 resell the service when SWBT does not provide the local switching" (DR 2603). Mr. Hughes
14 states several times throughout his Direct Testimony that SWBT will make a "similar service" to
15 Local Plus® available on a UNE basis. A "similar service," however, is not Local Plus®. The
16 most important difference is that SWBT would charge the CLEC terminating access on those
17 calls terminating to SWBT exchanges for that similar service. SWBT witness, Mr. Hughes,
18 testified in Case No. TT-2000-258, that "[t]he terms and conditions of the Interconnection
19 Agreements that we've reached with the CLECs call for compensation associated with those types
20 of calls to be at terminating access rates of the terminating party" (Tr. 107).

21 Additionally, in Staff DR 2603 in the instant case, Staff asked the following:

22 Is it the opinion of Southwestern Bell Telephone Company that orders issued by the
23 Federal Communications Commission would require that SWBT make "Local Plus," or a

1 "Local Plus"-like service, available through the use of unbundled network elements to
2 requesting competitive local exchange carriers? Please explain your answer.

3
4 To which SWBT replied:

5 Southwestern Bell believes it is required to make unbundled network elements available to
6 requesting competitive local exchange carriers to enable them to offer their own Local
7 Plus or Local Plus-like service. The Act also requires Southwestern Bell to make
8 telecommunication services, like Local Plus, available to requesting competitive local
9 exchange carriers through resale.

10
11 Staff's opinion is the FCC has already mandated SWBT to "make unbundled network elements
12 available to requesting competitive local exchange carriers to enable them to offer their own Local
13 Plus or Local Plus-like service." It would not have been necessary for this Commission to order
14 SWBT to make Local Plus® service available on a UNE basis if this Commission had not intended
15 Local Plus®--not a service similar to Local Plus®-- be made available. This Commission ordered
16 SWBT to make available the Local Plus® "dialing pattern functionality . . . for purchase to IXC
17 and CLECs on both a resale and an unbundled network element basis." Staff believes the
18 Commission's intent was to make that functionality available to CLECs on the same basis it is
19 available to SWBT--namely, that a CLEC providing Local Plus® on a UNE basis would not be
20 required to pay SWBT terminating access to those calls terminating to SWBT subscribers since
21 SWBT was not required to impute access in its pricing of Local Plus®.

22 The Commission did not qualify its statement by excluding facilities-based CLECs from
23 Local Plus®, or by ordering that it only be offered to those end users whose dial tone is provided
24 by SWBT. It also would appear that Local Plus® falls within the FCC's definition as a feature or
25 functionality of the local switching element, and would therefore be available with that UNE.

26 Q. What should be done to remedy the situation?

1 A. The Commission should ensure Local Plus®--**not a similar service**--is available to
2 both facilities-based as well as reseller CLECs, as ordered. The Company should clearly identify
3 the rate at which it will make Local Plus® available to facilities-based CLECs. The rate should be
4 low enough to allow a facilities-based CLEC to competitively offer Local Plus® service. In
5 addition, the Company should clarify that a facilities-based CLEC intending to offer Local Plus®
6 service will not incur terminating access charges for calls terminating to SWBT exchanges. This
7 rate would be the rate for a switch port, perhaps with an additive to share the averaged cost of
8 development of the Local Plus line class code with SWBT. It would not be necessary to design a
9 new line class code that would, as SWBT witness, Mr. Hughes, states on page 6 of his Direct
10 Testimony, "depend on a number of variables including the geographic location of the switch, the
11 proposed calling scope, and the type and number of switches involved." The line class code for
12 Local Plus® has already been designed. Alternatively, the Commission could order the Company
13 to impute access charges and price the Local Plus® service accordingly.

14 **LOCAL PLUS® ORDERING FOR IXC's**

15 Q. SWBT Witness, Mr. Hughes, describes in his Direct Testimony, pages 7 and 8, the
16 procedures that IXC's use to order SWBT's Local Plus® service. Does Mr. Hughes' Direct
17 Testimony alleviate Staff's concerns about the ordering process for Local Plus®?

18 A. No, Mr. Hughes' Direct Testimony does not. SWBT's response to Staff DR No.
19 2602 in the instant case, however, does alleviate Staff's concerns.

20 In Case No. TT-2000-258, one of AT&T's concerns was that the manual facsimile system
21 that SWBT has in place to allow IXC's to order Local Plus® was not equal to an electronic

ordering system, which is available to CLECs ordering Local Plus®. However, Staff requested the following information in Staff DR No. 2602 in the instant case:

Please state Southwestern Bell Telephone Company's (SWBT's) best estimate as to the amount of time that will elapse from the time SWBT receives a faxed resale order from an IXC for "Local Plus" services and ending when the end-user customer for whom that order is placed has "Local Plus" service in place.

SWBT provided the following response:

Generally orders will be entered into SWBT's ordering system and service will be installed within approximately 24 hours of receipt of the order. The following describes the process.

Orders received by fax will be keyed in by the SWBT Access Service Center (ASC, formerly the ICSC) as soon as possible but in no event later than the next business day after receipt. If the order is received by 3PM, the order will receive a same day due date (i.e., service will be installed the same day). If the order is received after 3PM, it will receive a next day business day due date (i.e., it will be installed the next business day). This process is now in parity with the process used to assign due dates for our retail end users and CLECs.

After receipt and once an order is entered, it is handled by SWBT's provisioning system like any other order (e.g. SWBT or CLEC) on a first come first service basis.

If the Commission were to order SWBT to provide faxed based ordering in accordance with the above procedure, Staff believes the faxed-based ordering system would be substantially equivalent to an electronic ordering system and would meet the obligations of local exchange carriers under the Code of Federal Regulations (CFR).

Q. What are the resale obligations of local exchange carriers under the CFR?

A. Section 51.603 of 47 CFR states two such obligations:

(a) A LEC shall make its telecommunications services available for resale to requesting telecommunications carriers on terms and conditions that are reasonable and non-discriminatory,

and,

1 (b) A LEC must provide services to requesting telecommunications carriers for
2 resale that are equal in quality, subject to the same provisioning time intervals that
3 the LEC provides these services to others, including end users.
4

5 Q. Would SWBT meet these obligations if it provisioned Local Plus® in accordance
6 with the above recommendation?

7 A. Staff believes it would.

8 **AGGREGATION**

9 Q. On page 4 of his Direct Testimony, Mr. Jones states that "[t]he Commission also
10 determined that access was the appropriate method of terminating intercompany compensation,
11 but that imputation of access would not be required of SWB as the service was to be made
12 available at a wholesale discount to CLECs and IXC's, with no restriction on aggregation." Do
13 you agree with Mr. Jones' interpretation of the Commission's decision regarding aggregation?

14 A. No, I do not. On page 40 of its Report and Order in Case No. TT-98-351, the
15 Commission states that "[a] restriction on aggregation of a [sic] this type service would be a
16 reasonable restriction on resale." Furthermore, aggregation is expressly prohibited by SWBT's
17 General Exchange Tariff, P.S.C. Mo.-No. 35, Section 48, Sheet 3, which states that ". . . [Local
18 Plus®] may not be used to aggregate the communications of multiple end users for resale . . . "

19 **TERMINATION OF RESOLD LOCAL PLUS®**

20 Q. On page 12 of his Direct Testimony, Mr. Jones asks "the Commission to make
21 SWB responsible for terminating access on all LP [Local Plus®] traffic, its own LP as well as
22 resold LP." Do you agree with this request?

1 A. Yes, I do. A reseller of SWBT Local Plus® service should only be responsible for
2 the payment to SWBT of the discounted recurring charge for the service. SWBT should be
3 responsible for all terminating access outside of its own exchanges.

4 **SUMMARY**

5 Q. Would you please summarize your Rebuttal Testimony?

6 A. Yes, I will. It is unclear whether SWBT is complying with the Commission's
7 Order in Case No. TT-98-351, because it states that it does not make its Local Plus® service
8 available to facilities-based CLECS. SWBT expresses a willingness to configure a similar service-
9 -not Local Plus®. Staff recommends the Commission order SWBT to provide Local Plus® to
10 both facilities-based as well as reseller CLECs, as ordered in Case No. TT-98-351, without
11 charging access, and to provision Local Plus® using the same time frames for faxed-based orders
12 as for electronic orders. Aggregation of SWBT's Local Plus® service is prohibited, both by the
13 Commission's Order and by SWBT's tariff. Resellers of SWBT's Local Plus® should be
14 responsible for payment of the discounted recurring monthly Local Plus® charges only--SWBT
15 should be responsible for paying terminating access for calls terminating outside SWBT's
16 exchanges.

17 Q. Does this conclude your Rebuttal Testimony?

18 A. Yes, it does.

COMMISSION PROCEEDING PARTICIPATION

THOMAS A. SOLT

<u>Company</u>	<u>Case Number</u>
St. Joseph Light and Power Company	GR-93-41
St. Joseph Light and Power Company	GR-93-42
Western Resources, Inc.	GR-93-240
The Empire District Electric Company	ER-94-174
Missouri Gas Energy	GR-95-33
Missouri Gas Energy	GR-98-140
Southwestern Bell Telephone Company	TT-2000-258

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Investigation into the)
Effective Availability for Resale of South-)
Western Bell Telephone Company's Local Plus)
Service by Interexchange Companies and)
Facilities-Based Competitive Local Exchange)
Companies)

Case No. TO-2000-667

AFFIDAVIT OF THOMAS A. SOLT

STATE OF MISSOURI)

) ss.

COUNTY OF COLE)


Thomas A. Solt, is, of lawful age, and on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of ten pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.



Thomas A. Solt

Subscribed and sworn to before me this 7th day of November 2000.

Joyce C. Neuner
Notary Public, State of Missouri
County of Osage
My Commission Exp. 06/18/2001


Notary Public, State of Missouri

